DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
7500 Security Boulevard, Mail Stop C1-05-17
Baltimore, Maryland 21244-1850
Health Plan Benefits Group

DATE: **October 30, 2003**

TO: **Medicare + Choice Organizations (M+CO) and Phase I and Phase II Demonstrations**

FROM: **Director, Division of Enrollment and Payment Operations**

SUBJECT: **Revised Working Aged (WA) Process – ACTION**

The purpose of this letter is to clarify the data submittal requirements due to CMS in December, for the newly revised working aged reporting and payment processes. In addition, some "Frequently Asked Questions" have been attached for your information.

You were notified of these changes to the working aged process in the 2004 Call Letter instructions released on June 6, 2003, and in the 2004 Systems Changes instructions released on June 19, 2003. For your convenience, some of that information has been repeated in this letter.

As previously stated, effective January 1, 2004, the working aged status payment process is changing from a monthly beneficiary-specific calculation to a monthly contract-level calculation based on an annually calculated M+CO-level factor. M+COs will identify their working aged members based on a survey of their members of record on the 2003 March MMR. CMS will compute an M+CO-level factor that will be applied to the organization's monthly payment. Payments for Hospice, ESRD and Disabled members will be removed from the monthly total prior to application of the WA factor. This factor will remain in place for the payment year.

M+CO Activities

- Survey members as reflected on the March 2003 monthly membership report. If a member has since disenrolled, attempt to obtain a current survey from him/her. **Note:** In 2003, if a survey has been conducted for a member(s) on or after August 2002, you need not re-survey. Beginning in 2004, use the results of surveys conducted between January and September.

- For members that are defined as working aged, report member-level information to CMS in an EXCEL spreadsheet. This must be submitted on a separate diskette than the Nonrespondent data (see below). If you are reporting for multiple contracts, working aged data for each contract is to be in a separate EXCEL file on the diskette. **Do not submit data on multiple worksheets within EXCEL files, you must put each contract in a separate file**. The columns for the EXCEL spreadsheet are to be as follows:

TITLE	Name the EXCEL file "Working Aged.2004.HXXXX", X = your contract number
1	Contract Number
2	Medicare HIC#
3	Last Name
4	First Name
5	Date of Birth in CCYYMMDD Format

  - For members that are NOT defined as working aged, report nothing.

- For nonrespondents, report member-level information to CMS in an EXCEL spreadsheet. This must be submitted on a separate diskette than the WA data received from your survey respondents (see above). If you are reporting for multiple contracts, **do not submit data on multiple worksheets within EXCEL files. You must put each contract in a separate file**. Non-respondent data for multiple contracts must be reported by each contract in a separate EXCEL file on the diskette. The columns for the EXCEL spreadsheet are to be as follows.

TITLE	Name the EXCEL file "Nonrespondents.2004.HXXXX", X = your contract number
1	Contract Number
2	Medicare HIC#
3	Last Name
4	First Name
5	Date of Birth in CCYYMMDD Format

- **Please submit this data on diskettes by December 15, 2003 to**

CMS, DEPO
C/O Angela Wright
Mailstop C1 -05 -17
7500 Security Blvd.
Baltimore, MD 21244

- Please send an email to CMS confirming the mailing of your information. Please include in your email a contact person with an e-mail address and telephone number. In addition, include the number of records that you sent by contract number on each diskette. Send the email to both the addressees below:

  KMIEGEL@CMS.HHS.GOV
  AWRIGHT@CMS.HHS.GOV

Upon review of the diskettes, CMS will confirm receipt of your data by return email.

CMS Activities

- CMS will set the working aged flag to Y on the Monthly Membership report (MMR) for members that you have reported as well as nonrespondents that reflect this status in CMS systems as of March 2003. This WA flag will first appear on the March 2004 MMR and remain set for the entire payment year.

- CMS will compute an M+CO-level factor as follows.

1	Determine a total monthly payment considering those specified members @ the working aged rates. Payments for Hospice, ESRD and Disabled members will be excluded.
2	Determine a total monthly payment considering those specified working aged members @ nonworking aged rates. Payments for Hospice, ESRD and Disabled members will be excluded.
3	The M+CO's working aged factor = #2 - #1 and divide by #2.
4	Multiply the working aged factor by each month's adjusted monthly payment. (The monthly payment is the amount shown on Line 1 "Demographic Report Payment" on your Plan Payment Report. This amount is adjusted by excluding payments for Hospice, ESRD and Disabled members.)

EXAMPLE – Computation of WA Factor
March 2003 MMR has 150 enrollees in this contract:

• 3 Working Aged @ $550 per capita, normal (**non-WA**) rates	+1650.00
• 144 non-Working Aged @600 per capita, normal rates	+86400.00
• 1 Hospice	+ 0.00
• 1 ESRD	+ 0.00
• 1 Disabled	+ 0.00
	$88050.00

• 3 Working Aged @ $250 per capita, **WA rates**	+750.00
• 144 non-Working Aged @600 per capita, normal rates	+86400.00
• 1 Hospice	+ 0.00
• 1 ESRD	+ 0.00
• 1 Disabled	+ 0.00
	$87150.00

$$\text{Contract-level WA Factor} = \frac{88050 - 87150}{88050} = \mathbf{0.01022}$$

EXAMPLE- Application of WA Factor

Now, as of April 2004, assume this contract has two more Working Aged enrollees (for a total of 5) and one less non-Working Aged enrollee. Total enrollment stands at 151:

• 5 Working Aged @ $550 per capita, normal rates*	+2750.00
• 143 non-Working Aged @600 per capita, normal rates	+85800.00
• 1 Hospice	+ 0.00
• 1 ESRD	+ 0.00
• 1 Disabled	+ 0.00
	+88550.00
	* **0.01022**
Contract-level Working Aged Adjustment =	**$-904.98**

* These members enrolled from another MCO that had identified them as WA. In these situations, your WA Factor will not change even if you gain (or lose) WA members.

- CMS will report this factor to you on your Plan Payment Report.

- CMS will apply this factor to your adjusted monthly payment (adjusted by excluding payments for Hospice, ESRD and Disabled members) beginning with the April 2004 payment. NOTE: The first adjustment will cover the Jan-Apr 2004 timeframe. Beginning in 2005, the WA factor will be applied beginning in January of each year.

- CMS will report the adjusted monthly payment and the WA reduction amounts under the Plan Adjustment section on your Monthly Plan Payment Report.

- CMS will not process any WA adjustments from the CWF for 2004 or later timeframes.

- CMS will continue to apply adjustments to the working aged status for retroactive correction requests submitted for pre-2004 timeframes. CMS will continue to accept WA corrections from M+COs for 2003 periods until February 27, 2004 via the current batch and MCCOY online processes. After this date, additional corrections can be submitted to GHI via the paper process.

- CMS will continue to process WA adjustments related to corrections submitted to CMS or GHI involving pre-2004 time periods through our cutoff date in December 2004. *Only payment adjustments related to reducing, terminating or canceling WA periods will be processed*. Effective January 2004, CMS will no longer set new working aged periods or process WA adjustments for pre-2004 timeframes that would add WA periods.

If you have any questions related to the information contained in this letter, please contact Kim Miegel on 410-786-3311 or Juan Lopez on 410-786-7621. If you have questions related to your submission, please contact Angela Wright on 410-786-1125.

Sincerely,

Marla K. Kilbourne

Attachment

cc: RO HMO Coordinators

Frequently Asked Questions Regarding the New Working Aged Process and the 2003 Transition Year

1. **How should I handle the working aged status for the rest of 2003?**
   The existing process, which requires monthly reconciliation, will continue through the December 2003.

2. **How long can I correct working aged status for 2003 and prior years?**
   The last HUSP submission will be February 26, 2004. After that you may continue to send in working aged changes to GHI using the normal paper process.

3. **How can I correct working aged periods that are created by the CMS systems after the final HUSP submission in February 2004?**
   There will be no need to do this. After the December 2003 payment, the GHP will not accept and process any adjustments that create working aged periods or lengthen current working aged periods. Only adjustments that shorten or turn off a working aged period will be processed (assumed to be corrections from MCOs) during 2004.

4. **Are there special rules for the first year?**
   Yes there is a dual process in place for 2003 to allow for the transition to the new plan reported process. Through December 2003, you are required to continue the current procedures for the working aged population as there is no change in the working aged payment procedures until the January 1, 2004 payment.

   You must survey all members that were in your plan during March 2003 and on the March 2003 Monthly Membership Report (MMR). **For this transition year only surveys that are dated August 2002 or later may be used**.

   You must submit the working aged members and the non-respondents to CMS, but not until December 15, 2003. CMS will not research the working aged status for non-respondents on the CWF until January 2004, so that any changes in working aged status that were submitted to GHI will have been processed into the CMS systems. The data in the CMS systems will be used to determine the working aged status of non-respondents.

5. **What members do I have to survey?**
   All members that are in your plan during the month of March and listed on the March MMR.

6. **Do I have to survey each member during the month of March?**
   No, you must survey your members that were present in March but you can use surveys that are dated any time between January and September1 of the survey year. The survey must address the beneficiary's status during the month of March. Every member must have a survey that is completed during that time frame or you must report them as a "non-respondent".

7. **What if a member retires after March?**
   This has no impact on the computation of the Working Aged Factor. The factor is based on a "snapshot of your plan's membership and their health status as of March of each year". If the member retires after March and they were included in your March MMR, even though their status changes, you must obtain a survey from them reflecting their working aged status as of March or report them as a non-respondent. This beneficiary will be included in the computation of the plan's working aged factor.

8. **What if a member leaves or joins my plan after March?**
   This has no impact on the computation of the Working Aged Factor. The factor is based on a snapshot of your plan's membership, as it appears on the March MMR, so any changes to beneficiary status or enrollment have no effect on the Working Aged Factor that will be applied the following year.

9. **What if a beneficiary leaves my plan before I obtain the survey results?**
   You are still responsible to obtain the completed survey, or submit the member as a non-respondent. Since the working aged factor is based on the March MMR membership, the beneficiary's working aged status will be included in the computation. If you are unable to obtain a survey from the beneficiary they will be considered a "non-respondent". CMS will determine the working aged status for non-respondents based on the CMS system Common Working File (CWF).

10. **How will CMS determine whether a non-respondent should be considered working aged if the beneficiary did not respond?**
    CMS will look up the member's health status for working aged, as it is reflected in the CWF for the month of March and apply that status to the non-respondent. This will be included as the working aged status of the member for computation of the Working Aged factor.

11. **What are MCOs to do regarding beneficiaries that have enrolled into our organization**?
    Nothing. MCOs may only include the beneficiaries who were enrolled in their plan based on the March MMR. For example, the status of all members who were active in March 2003 according to the March 2003 MMR will be included in the computation of the Working Aged factor for the following year, 2004. Any change in membership, from the March MMR, will not be considered in the computation.

12. The process states CMS will apply the status as reflected in the Common Working File as of March 2003 for non-respondents to the survey. Will CMS consider adjustments to this status that are applied after this date?

CMS will be using the latest information in the CWF that covers the March timeframe when the when the query to CWF is made (January 2004). However, once the March status has been obtained, it is considered final.

13. May the insurer information on the CWF that indicates Medicare as Primary be used in lieu of the beneficiary survey?

No, insurer information on the CWF may not be used. The acceptable documents are:

a. Survey
b. Second written contact
c. Phone survey

14. How will members be handled that disenroll prior to 2004?

Any changes in beneficiary enrollment after March 2003 will have no effect on the Working aged factor that will be applied in 2004. The factor will be based on the beneficiaries that were members of the plan in March 2003 as reflected in the March MMR.

15. **How will we know what members were considered to be in a Working Aged status for the purpose of the Working Aged Computation?**

CMS will populate the MMR with a "Y" in the working aged field of the MMR and ensure that all the non-working aged beneficiary fields are left blank. There will be no beginning and ending dates associated with this flag.

16. What MMR will the 2004 Working Aged payment adjustments be based on, i.e. June 2003, March 2003, etc.?

The working aged factor will be based on the March 2003 MMR.. For non-respondents we will consider the working aged status for the month of March, as it is shown in the CWF. So if an adjustment was submitted to GHI, and processed into the CMS systems, and it effected March, it will be the data used for the non-respondent**.**

17. If the member retires in January 2004 and they were not on the March 2003 MMR, what will happen?

Nothing, since the member was not on the March 2003 MMR, he will not be included in the computations for the 2004 Working Aged Factor. If the member remains in the plan through March 2004, the member will be included in the March 2004 survey which will be used to compute the 2005 factor.

18. **What should we do about members who enroll in our MCO after the March 2003 MMR – should their working Aged status be reported? How will our payment be effected?**
    The factor for 2004 will be based on beneficiaries enrolled in the MCO as of the March 2003 MMR, therefore the member who enrolled after March 2003 will not be considered in the computation of your 2004 Working Aged factor**.**

    MCOs should ensure that the Working Aged Status of all members is accurate throughout 2003 as the current payment methodology will continue through December 2003.

19. **What is the responsibility of MCOs for ongoing tracking and corrections beyond the yearly survey process?**
    M+COs have no responsibility for this. The working aged factor will be based on the annual survey performed in March of each year. However, the M+COs may continue to submit changes to the GHI. These changes will be processed through the CMS systems. Changes that result in Working Aged periods being turned off will be processed into the Managed Care payment systems through December 2004.

20. **Are there specific requirements regarding re-surveying or will any survey done within the time frame constitute acceptable documenation? Is a phone survey acceptable? Or verification with an insurer?**
    MCO's may use any surveys that were dated during the acceptable timeframe, which is January through September 14 of each year (except 2003). The acceptable period for the computation of the 2004 working aged factor is August 2002 through December 2003 submittal.

    The survey process itself has not changed. Only the population that requires a survey (March MMR members) has changed. So phone survey is still acceptable under the normal survey conditions.

21. **Must MCOs continue to survey new MCO members? What are the reporting requirement if we do survey these new members?**
    For this purpose there is no requirement for MCOs to survey new members. Any beneficiaries that are members of the plan and on the March MMR must be surveyed concerning their working aged status.

22. **Will MCOs still have the ability to make CWF corrections?**
    Yes. However the electronic McCoy process using the the HUSP record will end after the February 26, 2004 due date. After that the current "paper process" will remain in effect and MCOs will be able to submit working aged adjustments to GHI in that way.

23. How long will working aged flags be set for non-respondents that are waiting for carrier intervention?

For 2004 and future years, the flags in the Managed Care payment systems will be set based on the survey results submitted by the MCOs, together with the working aged status reflected in the CMS systems for non-respondents until they are updated for the computation of the factor for the next year.

For 2003 and prior years, the Managed care payment systems will accept transactions that "turn off" the managed care flag through December 2004. After that time, the flags will be set annually as a result of the MCO submission. They will not be changed during the year.

24. What if a member informs a MCO of a future retirement date during the survey or the follow-up?

The working aged status is based on the status of the beneficiary during March.

25. What is the time period for MCOs to submit retroactive corrections that cover periods before 2004?

MCOs are to reconcile their December reports by the due date in February. MCOs may submit retroactive corrections for working aged periods in 2003 and earlier via the HUSP until February 26, 2004. After that, MCOs may use the "paper" process and submit changes to GHI for new period corrections that become evident. The managed care systems will accept transactions that turn-off or shorten working aged periods during 2003 and prior, through December 2004. After that no adjustments will be made to working aged status for 2003 and earlier years in the managed care systems.

26. CMS only accepting corrections to the working aged status before the cut-off date in December 2004 seems to contradict the 36 month rule for retroactive corrections.

The 36 month rule establishes how many months retroactive collections and/or payments can include. Plans should reconcile their Grouch reports and submit corrections to the health statuses within 45 days of receipt. We are not accepting transactions that will extend or create working aged periods to ensure that the working aged status remains accurate once corrected.

27. What is CMS' policy on MCO members over 75 years old regarding the working aged survey?

All members regardless of age should be surveyed as to their working aged status in March. In the new procedures, those over 75 will be treated the same as those younger than 75. If there is no response to the survey, the beneficiary's working aged status will be based on the CMS record.

28. Is CMS going to provide a draft survey that we can use for this purpose? Yes, we are planning to develop an updated draft survey for MCO use as necessary.

29. Why does CMS exclude payments for beneficiaries with hospice, ESRD, and disabled status?

CMS excludes these categories based on the payment hierarchy. There is no adjustment to the payment for beneficiaries in these categories because they take precedence over the working aged category.

30. Under the new process, will we have the same $ amount reduced from each monthly payment?

No. The working aged factor is applied against the dollar amount due your plan after the Hospice and ESRD related payments are subtracted. You will probably have a different dollar amount associated with this each month, because your net payment will change. The factor will remain the same.